

Title: Wednesday, April 16, 2003 Public Accounts Committee

Date: 03/04/16

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this portion of the Public Accounts meeting now to order, and I on behalf of the committee would like to welcome the hon. Minister of Innovation and Science and his staff this morning. For the convenience of his staff I believe we'll go quickly around the table starting with Dr. Taft, and we can introduce ourselves.

[The following members introduced themselves: Mrs. Ady, Ms Blakeman, Mr. Broda, Mr. Cao, Mr. Lukaszuk, Mr. MacDonald, Mr. Mason, Mr. Masyk, Mr. Shariff, and Dr. Taft]

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

[The following staff of the Auditor General's office introduced themselves: Mr. Dharap, Mr. Dover, Mr. Dunn, Mr. Hug, and Ms Ludwig]

Mr. Doerksen: Vic Doerksen, Minister of Innovation and Science.

[The following departmental support staff introduced themselves: Mr. Bader, Mr. Dyck, and Mr. Fischer]

The Chair: Mr. Doerksen, if the rest of your staff would like to introduce themselves, they're quite welcome and encouraged to do so.

Mr. Doerksen: It would probably help me too. That way I won't miss some strategic names.

[The following departmental support staff also introduced themselves: Mr. Bartlett, Mr. Bassett, Mr. Bridger, Mr. Chaney, Mr. Dibben, Mr. Guenther, Mr. Hayter, Ms Hutchinson, Mr. Salmon, Mr. Spence, Mr. Stoddard, Mr. Umsel, Mr. Unger, and Mr. Wong]

The Chair: Thank you. And for the convenience of the minister if any of you would like to supplement an answer, a brief supplement to a question, there's a microphone available as well.

In light of the time I would now ask for a brief overview from the Minister of the Department of Innovation and Science.

Thank you.

Mr. Doerksen: Thank you, Mr. Chairman. And you're right; I am going to look to the people that I have with me to answer the questions, so I appreciate your guidance there. I will try to be brief so that we can get to more questions from the committee.

Just a quick overview of Innovation and Science. I think our primary objectives in this department are a desire to have highly skilled people in the province of Alberta, to build our research, our high-tech infrastructure, to focus on research and development for the benefit of all Albertans in the long term. We deal with the economy of the future and of course use the ideas that we get from this research and development and commercialize those ideas into the marketplace.

In terms of the research component of the ministry we're guided by the Alberta Science and Research Authority, which is a body of independent Albertans that meet on a regular basis to help us define strategic direction. The strategic directions that they have asked us

to focus on, of course, are energy research, information and communications technology, and the life sciences. Life sciences, of course, deals with the areas of agriculture, environment, forestry, and human health.

As you saw from the introductions, we have a unique structure in our department. We're made up of a lot of different groups or organizations, if you want to call them, that work in particular areas. We have the Alberta Agricultural Research Institute, the Alberta Energy Research Institute, which, of course, is co-chaired by Denis Ducharme. Moving back to the Agricultural Research Institute, that's also co-chaired by Hector Goudreau. We have the Alberta Forestry Research Institute, which is chaired by Ivan Strang, and the Alberta Research Council, which is chaired by Marlene Graham. Brian Unger is here from ICORE, which is really informatics centre of research excellence, which focuses primarily on attracting people and skills in the ICT research area, and they've done an outstanding job. I made some of those references to the success that they've had in my comments last week in the Committee of Supply.

9:10

We're also responsible for the administration of the Alberta ingenuity fund as well as the Alberta Heritage Foundation for Medical Research, so on the research and science side we have a very exciting portfolio. It's kind of fun to have been part of that.

Some of the accomplishments, just so that I can let you know kind of what's happened. Of course, you're mostly familiar with the construction phase of the Alberta SuperNet. We're progressing very quickly along with the development of the National Institute for Nanotechnology, which, of course, was the first National Research Council institute in the province of Alberta, housed here at the University of Alberta. Again, that's a unique format where it's actually housed right inside of a campus, because we wanted the cross-pollination of scientists and researchers. It's a new model actually, as I understand it, for the National Research Council.

We also announced the Banff institute research station for mathematics at the Banff Centre. We drafted the Alberta research strategy, established the California Venture channel, created and worked in the agricultural research funding consortium, signed a memorandum of understanding with China. We announced two Sun centres of excellence, one of e-learning at the University of Alberta, the other in visual genomics at the University of Calgary. If you ever get a chance, go down and go into their 3D Java CAVE at the U of C. It's an awesome experience.

So that's quickly it on the research and science side. We're also, of course, responsible to lead the direction and standard setting for information/communication technology for the government of Alberta.

I think, Mr. Chairman, that to permit the most questions, I will probably stop there and just let the committee ask questions.

The Chair: Okay. Thank you, hon. minister.

Before we start questions, do you have any brief comments in regard to your annual report, Mr. Dunn?

Mr. Dunn: Thank you very much. Our comments and our findings regarding this ministry are found on pages 167 to 176 of our 2002 annual report. In this section we also report on our findings relating to the various departments and organizations that are named under the cover of the annual report. We have made four numbered and two unnumbered recommendations, and on page 173 we provide a follow-up assessment on two prior years' numbered recommendations.

Remember the top 15 recommendations that we discussed with

you at the beginning of this session? Recommendation 31 on page 169 is on that list of the top 15. This is a very comprehensive and a very important recommendation dealing with significant control problems at the outsource service provider and within the Imagis environment itself. We have expressed concerns in the areas of security management, system configurations, access controls, segregation of duties, and business continuity procedures.

In addition, recommendations 32 and 33 are also of importance, and you may wish to discuss these with the ministry representatives.

Regarding recommendation 34 I believe this was discussed in the House at the Committee of Supply last week with the Minister of Revenue and the Minister of Innovation and Science. I understand that the ministers indicated that additional funds will be contributed to the Alberta Heritage Foundation for Science and Engineering Research to bring it back up to its original fund level of \$500 million. However, this funding still does not answer the question: what is the meaning of “real value of the Endowment Fund over the long term”?

Mr. Chairman, those are my opening comments, and I and my staff will answer any questions that the committee may direct at us.

The Chair: Thank you very much. We’ll start the questioning this morning with Mr. Mason. If I could ask all hon. members, please: there is quite a long list in the length of time we have, and also in response to the questions if we could be as brief as possible.

Thank you.

Mr. Mason: Thank you very much, Mr. Chairman. Welcome, Mr. Minister and your staff. I find the Auditor General’s report to be lacking its normal clarity this morning, and it’s because I forgot my glasses at home. So if you don’t mind, I’m just going to extend my arms as far as they’ll go.

Ms Blakeman: Do you want me to hold it for you?

Mr. Mason: Maybe you could hold it for me.

My first question was exactly on recommendation 31. Do you say Imagis? Is that how you pronounce the acronym which is used to process financial transactions, including the payment for supply and services and payroll? This is operated by an outsourced provider. The Auditor General’s recommendation – and it’s one that’s been made in previous years – is that “management get assurance on the effectiveness of controls in the central control environment.” I guess I would ask what you’re doing to make sure that the control is there and how you know that the controls you’ve put in place are effective.

Mr. Bader: I’ll maybe take a first run at that, and then we can have the answer supplemented. The Imagis system is our financial management and HR cross-government system. We’re currently going through a major upgrade. The HR system is going through a completion currently and going live, to go through about a three-year upgrade cycle, and the financial upgrade is scheduled to be completed in July.

In response to the concerns that have been raised, we’ve been working very closely with the service provider through an independent outside audit that’s called SysTrust. That’s something that has been going on over the last several months, and it has identified a number of shortcomings that we have worked on with the provider to rectify. It was mainly a check and balance type of issue from our perspective. We believe that we’ve got the majority of those in hand now and are continuing to work with the Auditor General’s department in tying those down and will continue to do so.

There’s also a plan to do a follow-up audit in this coming year just to confirm that those issues have been addressed and resolved. I’m not sure if we want to get into more specifics, but we are very proactively addressing the issues that have been raised.

Mr. Mason: I don’t need a supplementary.

The Chair: Okay. Thank you.

Mr. Lukaszuk, followed by Mr. Taft.

Mr. Lukaszuk: Thank you. Mr. Minister, on your page 8 under indicators, it’s noted that sponsored research at Alberta universities has increased by roughly 23 percent. Can you tell us what accounted for this rather major increase?

Mr. Doerksen: Sorry. You said page 8, Thomas?

Mr. Lukaszuk: Page 8. Correct.

Mr. Doerksen: Well, I don’t even have to look at the page; I think I know the answer or part of the answer. Number one, just in the research area there are a number of funds that researchers can apply to. A fund that is quite well known is called the Canadian Foundation for Innovation, which actually is a federal granting agency. So there are a number of those granting agencies that researchers can apply to for money. Typically, they come with a matching component: the granting agency will provide up to, say, 40 percent of the project, and they usually expect the province to come up with 40 percent and then business or industry to commit the other 20 percent.

So a couple of things have happened. Number one, there’s been more money invested by the federal government into the granting agencies. We saw this again at the last budget, actually, in terms of growth in that area. So there’s been a bigger pot of money established. The other more important point, probably, is the fact that the researchers in our Alberta institutions have been very successful. We’re getting significant awards in significant areas, and as a result the research dollars have been able to grow.

9:20

Mr. Lukaszuk: Thank you. No supplemental.

The Chair: Thank you.

Dr. Taft: Well, we’re just whipping right along here. On a page that has no number but is in the highlights . . .

Ms Blakeman: Ten.

Dr. Taft: Is it 10? Oh, the numbers are cleverly designed. Okay. On page 10, operational overview, chart 1, you have the key boards and agencies. My question. I notice that a number of the chairs or co-chairs – and you referred to this in your comments – are MLAs. So the Alberta Research Council is chaired by an MLA, the Agricultural Research Institute, forestry institute, and so on. My inclination would be that you want a genuine industry or academic leader in these kinds of positions, and I’m wondering how you explain why we have MLAs chairing research institutes and how that affects the performance of the institute.

Mr. Doerksen: Actually, if my memory is correct, I believe the ASRA Act either stipulates or permits – and again I’m kind of foggy – the co-chairs being members of the Legislature. Now, can

somebody help me out?

Mr. Dibben: I believe that's correct.

Mr. Doerksen: So there is that element in terms of the actual legislation that we'd have to refer to.

The other part of your question. Within each of these institutes – let's use the institutes to start with – we have a very good-quality group of people that are included to sit on these boards that provide advice. I mean, any board to be effective has to have people with a variety of strengths. You need some people with scientific ability, some people with business ability, some people with financial ability, and I think that just makes for better boards.

Dr. Taft: Well, sure; I'd agree that a broad range is important. My concern is that when we get down to the level of research institutes – that's what these are; aren't they? – and when we see MLAs chairing these – and I'd have the same concerns regardless of where they came from – it may risk compromising somehow the effectiveness of the institute. So to phrase this in a way trying to be as neutral as possible here: what does it offer to a research institute to have an MLA as their chairman?

Mr. Doerksen: You could ask the same question: what does it offer to Innovation and Science to have a minister as chairman? Admittedly, I'm not from a scientific background. That's not my level of expertise. We bring other expertise to the table, and I expect that in the case of each of these co-chairs or chairs they bring a different level of expertise, and when it comes down to the scientific matters, they look to the other people for advice. I mean, like I indicated, in my ministry I'm guided with regard to the Alberta Science and Research Authority. On that particular board we've got some lawyers, we've got some university professors, some researchers, people that are involved in industry and business, and again it just provides a good balance.

Dr. Taft: I guess that's it. I'm allowed one supplemental; right?

The Chair: Sure. Go right ahead.

Dr. Taft: Well, I've already had it.

The Chair: Mr. Shariff, followed by Ms Blakeman.

Mr. Shariff: Thank you. Thank you, Mr. Minister and the various members that are present here today. I'm looking at your ministry report, particularly page 20, goal 6, where you have talked about effective management of human capital, and in particular bullet 3, where you talk about "implemented a performance assessment and feedback process for all [of your] employees." My question today is regarding performance measurements. I would hope that all the various representatives that you have here with you may also be able to participate in this one-question response. In the performance measurements that you have done until now, what have you learned, and what will you do differently? A short response from everyone would be appreciated.

Mr. Doerksen: Well, that is a very good question because it's an important thing when you're setting your performance measurements that you find the right measurements that tell you whether in fact you're reaching the objectives that you have. Every year that we do the business plans we work on this issue diligently trying to find the

right measurement tools. On some it's easy. For instance, for the build of SuperNet the performance measurement, particularly on the build side of it, is: have we got the infrastructure to the door of X number of hospitals, libraries, and buildings? So those kinds of performance measurements are fairly easy to measure. By the way, we didn't meet our targets on that one.

On the ICT. Some of the standard setting where we want to reduce the number of servers and consolidate some operations, become more efficient, or if we want to move to a single desktop kind of software system, again those are pretty easy to measure because you can set out some pretty specific targets to reach those. It's not so easy on the research side, but the measure that we've picked – again, my memory is more familiar with the current targets than it is with the ones that were in the past, but there is some correlation between the two.

One of the measures that we look at in science and research has been the level of money the government is committing to research based on its total expenditure. If you look at a measurement that a lot of countries use, they say: how much are you investing against your GDP? A lot of countries look to 2 and a half to 3 percent of their GDP as a benchmark, and some even go beyond that. In Canada we're not at that level, and in Alberta we're for sure not at that level. In fact, I think we're at about .9 percent, so we even lag behind from a Canadian perspective. I mean, that's a measurement, but that one really only tells you what your investment level is. The expectation is that given a certain level of investment, there will be an outcome. So it's kind of a "trust me" that if you put the money into it, there will be the results, and history has borne that out. Admittedly, in research, with the time horizons we work in, it's not so easy to set that definitive point and say: did you in fact reach or not reach it?

I talked about the ICORE. They have specific performance measures as it relates to the number of researchers they attract and the people they bring with them. If you look at their measurement criteria, their performance, they've done very, very well.

So it's a good question. Anybody else want to venture into that one?

Mr. Unger: I could add something from ICORE's point of view. ICORE has invested something like \$25 million in its first three years into research and a dozen teams, 12 research teams, that are of exceptional quality. One measure we've used is that those people, the people that we've funded and that are in place for our major funding, have participated in acquiring \$200 million from other sources to fund their research. Now, that includes from other provincial sources but also federal sources, industry sources, the universities. So having invested \$25 million, we're leveraging \$200 million to go into that research, and that's a measure of performance. That's one thing we can talk about. We'd love to see start-up, spin-out companies, and we have one that's happening since we started, and we hope to see more. That's a longer term sort of thing.

9:30

Another thing that I think is really exceptional is that we are recruiting 23 percent of the top students in Canada. These are the NSERC postgraduate scholars, which are the cream of Canadian graduate students, that are coming to Alberta. Three years ago we were getting something like 9 percent; of course, our population would suggest that we should get around 10 percent. We're now getting close to a quarter of the country's best students in ICT areas, in computer science, and in electrical and computer engineering.

The Chair: Thank you.

Mr. Shariff: Anybody else there with any other institute or group wanting to respond?

Mr. Bader: I think maybe I can. From the perspective of one of the things that we've really wrestled with on the performance measurements side is what are indicators and what are actual measures of results. We've tried to step back and look at: what can we actually influence in terms of outcome and that decides a measurement? So a lot of what we do and fund has a cause and effect perspective, and it has a long-term cause and effect perspective, so it's really quite difficult. We've been doing correspondence research with a number of folks in the same kind of business, and it's quite surprising that there isn't a definitive performance measurement process in place for research. It's kind of hard to get our heads around that, but it is a bit of invention as we go forward. But it is something that we are focusing on and trying to tie down: what are the long-term results that we can actually track that flow from the investments that Vic has indicated are there? So it's not making excuses, but it isn't one of the smaller challenges that we face.

The Chair: Thank you.

Ms Blakeman, followed by Mr. Masyk.

Ms Blakeman: Thanks very much. Welcome again to the Auditor General and his staff and to the minister, his staff, and a great number of fun seekers. Nice to see you all here today to join in the fun with us.

I'd like to talk about SuperNet, which has been a project that I have watched with great interest and a project not without the bumps along the road. So I'd like to query the minister and his staff on where we're at with that. Perhaps I'm missing something – but I do have my glasses today – but when I look at goal 2 and the performance measurement that talks about Alberta SuperNet . . .

Mr. Doerksen: What page are you on?

Ms Blakeman: . . . which appears on page 26, in fact there's no table that goes along with it. When I look at the other performance measurements, they all have a table or a graph. So I don't see any results from this performance measurement. When I look at page 43, it becomes clearer. There's a notation there that capital investment spending was \$34.2 million higher than budgeted as a result of a \$37 million reallocation from operating to capital related to Alberta SuperNet, so you've moved money around here. I can't see where the results of your performance measurements are appearing, but maybe on a different page. So my question is: has SuperNet cost more than anticipated at this point?

Mr. Doerksen: I'm going to get Brian to talk about the money movement and why it got shuffled around, but in terms of it costing the government more, no.

Let me just refresh your memory in terms of the contract that we have to build the Alberta SuperNet. In terms of the SuperNet build our main contractor is Bell Intrigna, which has since morphed into Bell West, and in the contract they were to sublet the contract, the build of the contract, in the extended area of the network out to Axia. So there's a base area of the network which basically connects the major urban centres and then the extended network which then goes from the base part out to all the other different communities, the 422 communities across Alberta.

Once the network is built, then another part of the contract puts Axia in charge of operating the network. So they'll sell services to

schools, hospitals, commercial entities. They provide the access to the network, and the way we've structured the contract is that any service provider in Alberta can access the network. So it can be Telus; it can be Bell; it can be a local ISP. We built it so it was a competitive model.

The contract stipulates also that Bell will put, I think, a minimum of \$100 million of their own money into the base network, so there's an investment part on their side. Plus, if there any overruns on the build, it is the responsibility of Bell to pick up the cost overruns, so our investment is fixed at \$193 million. We think we have a very good contract in place in terms of managing it from a risk point for the Alberta taxpayer. The real payoff is going to be when in fact the network is built and we start to see the kinds of applications that will be delivered over the network. That's really where this is going to prove out to be a worthwhile investment. Around the world, actually, there's a lot of attention being paid to this, to the way we've structured the broadband initiative, and a lot of people watching.

Brian, maybe you want to talk about the money side and where the dollars get moved around.

Mr. Fischer: Okay. When SuperNet was first envisioned, we thought that we would be actually using somebody else's system to deliver the services. As a result of the negotiations we actually now own the SuperNet system itself, and that was the reason why the dollars were transferred from operating, where we thought we would be using somebody else's system, to us owning it. Now the dollars are capital investment of the government of Alberta, and there are no new dollars, as Vic had mentioned.

Mr. Doerksen: Mr. Chair, I also didn't answer one of her questions about the performance measurement; if I could just address that.

You asked about the table. It may not be in the annual report you see in front of you, but if you look at the business plan for the year that we talked about last week in the House, it definitely has a table that shows numbers of schools and hospitals and libraries to indicate where we should be at in terms of connections on the build. So there is a table in the current plan that you can check to see how we're doing compared to our measurement. Okay?

Ms Blakeman: Well, not to put too fine a point on it, but I am looking at performance measurements for the fiscal year 2001-2002. I appreciate that it appears in the budget for 2003-2004, but it doesn't help me, when I'm trying to examine these public accounts, to have to go look at an entirely different year to try and get that information.

Mr. Doerksen: I understand, and I was just trying to be helpful, to say that there are charts out there. We've recognized that there are some things that have needed to be added and have put them in there subsequently.

Ms Blakeman: Good. My second question around this is that you mentioned Bell and its partner, Axia, and there was quite a disagreement or something went wrong between Bell and Axia, which has now been resolved. When I try and get information about this from other sources, I'm told to get it from Public Accounts. So here I am in Public Accounts asking the question: could we get some details, please, on how this dispute was resolved? Are we not getting information because there's some kind of a gag order on what came out of this? If so, I'd like to know that.

Mr. Doerksen: Okay. I'm going to give a broad overview. I don't

know what the privacy requirements are in this particular case, but I'll let somebody else handle that. Essentially it was a commercial dispute. It was a business arrangement between Bell and Axia. They were both signatories to a contract, as I've indicated earlier, and for one reason or another, as these things happen, they didn't get along. It was giving me heartache, because my objective is to get the SuperNet built.

9:40

So we went through some negotiations and discussions between all the parties, and in fact there was a court hearing. Anyway, there was a judgment that came out that indicated certain things about the commercial dispute which then led us to be able to resolve the issues, to put some of the issues aside for resolution in an arbitration hearing on the financial issues. Axia said that they'll then agree to move out of the build of the extended network, and it has now become the full responsibility of Bell West to complete the build in both the base and the extended network.

Mr. Bader: I can maybe supplement just a bit. The way that the contract was set up between the government of Alberta and Bell West was that Bell West was the general contractor and Axia was the subcontractor. Sort of the 10-word description is that the general contractor and the subcontractor agreed to part company. The general contractor has taken over the subcontractor's responsibilities. There are issues that are going to be resolved through a binding arbitration process in terms of who is right and where damages flow. That doesn't affect our costs under the project and doesn't affect our exposure in terms of costs, and based on the commitments that the general contractor still has to us and is reinforcing, we'll see the project completed on time. As Vic characterized it, it is a commercial dispute between a general and a subcontractor, which I guess I wouldn't say is abnormal or unusual. It's just that this one has created a lot of profile because there are a lot of people waiting for SuperNet to get to town.

The other aspect of this in terms of where we're at in the project is that one of the major requirements of our contract with Bell West was that we would use as much existing fibre as possible in terms of the fibre in the ground that companies like Telus or Monarch or others have actually put out there, that we wouldn't simply plow in new fibre beside it and strand it. As of last week we got CRTC approval that sees approximately 4,000 kilometres of fibre currently in place in the ground of 8,000 kilometres total, which will move the project forward, but it has taken us several months longer to get through the approval processes to do this because it's a first time in Canada issue.

So the bottom line is that regardless of the disputes between Bell West and Axia, our exposure has not changed in terms of our commitments from a capital or a schedule perspective. What has happened is that there's been some slippage in terms of individual communities and connections being made, that the contractors are aggressively pursuing now to pick up.

I don't know if that helps.

The Chair: Thank you very much.

Mr. Masyk, again followed by Mr. Mason.

Mr. Masyk: Thanks, Mr. Chairman. Thanks to the minister. In your message on page 4, the eighth bullet, you refer to the agricultural research funding consortium as a key achievement. What is this initiative?

Mr. Doerksen: Essentially, Gary, what we tried to do with that was

that there were a number of different organizations that were involved in agriculture research and in the funding, and the consortium really tries to bring those groups together to provide a more co-ordinated approach to research and agriculture. So you've got the AARI, or the Alberta Agricultural Research Institute, which of course is under our ministry. Then there's the Alberta crop industry development fund, the Alberta livestock industry development fund, the diversified livestock fund of Alberta, the Ag and Food Council, and AVAC. So what we really tried to do with this consortium was to provide a one-window ability for researchers to come to and, again, to try to co-ordinate the kind of focus we want to do on research in the province.

The other element of this. I'm not sure it's exactly part of the consortium direction, but it fits very closely with our life sciences strategy. We're working together with the minister of agriculture to make sure that there's a co-ordination and joint effort between the two ministries; for instance, in the field of bioenergy. It's agriculture, it's life sciences, and it's energy, so it cuts across three of our areas of interest. Again, this is more of an effort to co-ordinate some of the research, and actually the people at AARI have done a tremendous job in bringing all these people together.

Mr. Masyk: Thanks. My first supplemental: what results have there been on the investment in agriculture research? Part of this question is: does Alberta have its version of, like, the Monsanto wheat? Has anything come out of that for wheat species or wheat variations for Alberta, out of the crop fund? Also, straw fibre, pellets for heating fuel: are those part of the consortium targets?

Mr. Doerksen: Okay. Now we're getting more technical. Is there anybody here who can help me out on that one?

Mr. Dyck: I can help you out on this. I think one of the interesting points here is that when you can bring the various funding bodies together around one table using one approach – so researchers only fill out one application, not six or seven or however many – to complete one proposal, have a due diligence process, a peer review process, they actually come together and make a decision, and you can leverage more money from each other.

In terms of the outcomes, then – I'm not sure about whether we have been involved directly on the wheat issues – there have been several really key things that have happened over the last while in projects that have been funded. For example, the whole issue of conjugated linolenic acid, which is a fatty acid in food: it has been demonstrated, at least to this point in time, that there are certain health benefits from that. So there are some opportunities, then, in the research that's been done here to in fact be able to include that in some foods to give some health benefits with that.

It's also important to recognize that some of the research that's done on the agriculture side is very intensive in terms of water. As you recall, there is a water strategy that is currently under discussion, and some of the research findings there have contributed significantly to the development of that strategy.

So there are a number of things that are coming out of the work that is being funded through the consortium.

Mr. Masyk: Thank you.

The Chair: Mr. Mason.

Mr. Mason: Thanks, Mr. Chairman. I'd like to address this question to the Auditor General. On page 170 of your somewhat blurry report it says down at the bottom under implications and risks

that “Data that is used for key business decisions could be susceptible to unauthorized modification, resulting in incomplete or inaccurate management information.” I wonder if you could elaborate on that. I think I need a little explanation on what that actually means.

Mr. Dunn: Okay. This is under recommendation 31. We talked about the controls around the system. The control is really exercised in two manners: one, by the service provider, which is a private-sector outsource service provider, and the second element of control is provided internally by the user, the one who uses that, so the government employee. If you do not have significant and critical controls at the service provider area, you potentially could have invalid users coming into the system inappropriately and changing the data or potentially causing it to become accidentally corrupted. Therefore, the output to other users out there may become meaningless. So we really have control sitting in two aspects.

The purpose behind this recommendation was to say: has the ministry and department maintained the same rigour of control as if they had owned the whole system themselves? By having employed an outsourced provider, have they somehow had a break in that control system that somehow threatens in some way the usefulness of the system and its ability to produce accurate data?

9:50

Mr. Mason: Thank you.
To the minister: have you?

Mr. Doerksen: Well, I think we answered this question earlier. I'll refer to my deputy on this one.

Mr. Bader: I think the way we've approached the issue is that there's a set of contracts with the service provider that requires that they do certain things. There were some issues in terms of, I think it's probably fair to say, a lack of checks and balances within that process, that we, as I indicated earlier, had done an independent audit on and have made modifications to the systems to ensure that those checks and balances are there. The software upgrades that we're going through with the PeopleSoft upgrades reinforced the positive control aspects.

In terms of the internal users and controls the Senior Financial Officers Council for the government works very closely with the Imagis side of the processing. We rely on their advice and co-operation and input, as well, to ensure that the appropriate controls are inside there. So they are being addressed and worked through, and we believe that they've been looked after. There's a follow-up audit coming up this year.

The Chair: Thank you.

Mr. Dunn: Just in response, we have it for this year that we'll be following up on it, because this is a significant matter. The whole computer environment of the government is dependent upon that outsource provider and the understanding that those users contemplate the degree of control that that central organization will maintain. So we'll be following up and reporting back to you during the course of this audit this year.

The Chair: Thank you.

Mrs. Ady, followed, time permitting, by Dr. Taft.

Mrs. Ady: Well, I'll see if I can take all the time, Dr. Taft.

Minister, I've always wanted to be able to say that, you know, my son was a brain surgeon, and my son is a brain surgeon right now,

although he's only doing brain surgery on rats in a medical research project at his university. So I'm going to claim that now anyway. I am the mother of a brain surgeon, just on rats, not people, thank goodness.

On page 47 of your annual report you talk about how you continue to promote the development of medical research related economic activities in Alberta, including the commercialization of innovations. So I guess my question is kind of surrounding this idea that we put a fair bit of money into medical research and we come up with ideas. How do you measure the money that you put into that research and whether we're able to commercialize that, whether we're able to take advantage, or does that end up leaving Alberta and going to other places? Do we have a way of measuring that? How successful do you think you've been in that area?

Mr. Doerksen: I was wondering whether I should refer to my own son, and now you've opened the door with your brain surgeon son. When he first started working in a lab, working with rats, he e-mailed home and said: Dad, today we learned how to inject mice; next week I think we learn how to sacrifice them. Anyway, we digress.

On the commercialization or whatever you want to call it, value-added projects, we have had a number of reports over the last six years that consistently tell us that we do not have the proper policies or programs in place to take the ideas that come out of Alberta and commercialize them here. The international review of the Alberta Science and Research Authority basically can be summarized in two main comments. Number one, they said, is that we have an excellent, world-class system for research in the province, and they alluded of course to the Alberta Heritage Foundation for Medical Research, the Alberta ingenuity fund, some of the success we've had in the major research-intensive universities in attracting people in research, places like ICORE. But they said: what you do not have, what Alberta lacks – I'm going to see if I can remember the words – is the urgency, I think is the word they used, to develop a private-sector receptor capacity for these ideas.

I think that if you talk to anybody in our department, they would tell you that my number one objective for this year is to create some policies, some initiatives around the commercialization of technology or a value-added approach so that we can in fact start to do a better job at helping our private sector commercialize those ideas. That can take place on a number of fronts, whether it be looking at examining the intellectual property policy we might have or it could look at: are we competitive in certain elements on the financial side? Venture capital is often mentioned in these reports as an issue, that people can't access venture capital.

But consistently over the last five or six years they've told us: your research is wonderful, but you don't have the private-sector receptor capacity for these ideas. It's a challenge for us, and we intend to try and find some solutions this year.

Mrs. Ady: Thank you.

The Chair: Time permitting, Dr. Taft. Briefly, please.

Dr. Taft: Thank you. I'll talk fast. I appreciate the opportunity.

The Chair: And if the department does not have the opportunity to respond, they can do it in writing through the clerk.

Dr. Taft: Sure. I appreciate all the people who are here, and I would like to take advantage of their presence to follow up on an issue that the minister and I discussed very constructively, I thought, the other

day in budget estimates. The University of Alberta is in my constituency. I'm constantly talking to researchers who've become exasperated with the application process for funding. They will get, for example, approval from a federal agency, and then it's contingent on approval from a provincial agency. Provincial funding is delayed, so they're left hanging out there. Or the province only funds 80

percent, so then the federal government drops its proportion, and the province drops its proportion. All the time these high-powered brainiacs we're trying to attract to and hold in Alberta are frustrated and scrounging and are considering going to other provinces.

So my question is: is anyone reviewing the application process that scientific researchers need to go through with the objective of streamlining, simplifying that process so these men and women can apply once and get a single, coherent answer and get on with their business? Is anyone working on reviewing those kinds of processes? Or, since we're to the end, would the minister or some of the rest of you who are leading these groups consider striking a task force to get a kind of single point of application for research funding? An enormous objective, but we could lead the country in doing this by sorting these issues out with the feds.

Mr. Doerksen: As I indicated the other night, I think that there is work we can do in this area, Kevin. I mean, it's a good suggestion. I'm reminded by your colleague next to you, though, that it has very little relevance to public accounts.

Dr. Taft: It's about performance measures.

Mr. Doerksen: But you've made the point in the House before. I'm well aware of the frustrations that are out there among the researchers, and particularly as we look at how we best leverage the funding that we get from the federal granting agencies, our own funding, industry funds, funds from our foundations, we have to find more effective ways to do that. I don't disagree.

The Chair: Thank you.

Mr. Dyck: Can I just supplement that response?

10:00

Mr. Doerksen: Sure.

The Chair: Briefly, please.

Mr. Dyck: Briefly. Two things. I think we are making gains in this area already. The funding consortium in agricultural research is one very good example. It's not a federal/provincial, but it is certainly within the provincial funding bodies for agricultural research.

A federal/provincial one that people may not all be aware of is the work that is done in joint funding with the Canadian Health Services Research Foundation. An application goes into the foundation, and if they're successful there, the Alberta Heritage Foundation for Medical Research doesn't require a second application but in fact will endorse and provide funding to successful applicants from Alberta. So there are some examples where this is taking place, and it is a good model. It's an interesting one.

The Chair: Thank you very much. I would like to again on behalf of the committee express our gratitude to the hon. Minister of Innovation and Science and his staff for attending this morning and also to Mr. Dunn, the Auditor General, and his staff.

If there are no other items to be discussed on the agenda, I would like to remind all members of the committee that we are meeting again next Wednesday with the Hon. Shirley McClellan, the Minister of Agriculture, Food and Rural Development.

If there's no other business, I would call for adjournment, please.

Mr. Broda: So moved.

The Chair: Thank you.

[The committee adjourned at 10:01 a.m.]

